

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6591

BILL NUMBER: HB 1052

NOTE PREPARED: Feb 15, 2005

BILL AMENDED: Feb 7, 2005

SUBJECT: Lottery Commission Audit.

FIRST AUTHOR: Rep. Borror

FIRST SPONSOR: Sen. M. Young

BILL STATUS: As Passed - House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) The bill requires the State Board of Accounts to annually audit the operations of the Lottery. The bill also requires the State Board of Accounts to audit the operations of the Lottery for calendar years 2003 and 2004.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) *Summary:* It is estimated that the bill could potentially result in additional auditing cost to the Hoosier Lottery totaling \$169,500 in FY 2006, and \$56,500 annually thereafter. The State Board of Accounts could potentially do a two-year combined audit for 2003 and 2004 at a discount of possibly 15% to 20%. This would reduce the estimated FY 2006 cost of the bill to \$147,000 to \$152,500.

Background: The bill requires the State Board of Accounts to annually audit the operations of the Hoosier Lottery. (Current statute *authorizes* the State Board of Accounts to audit, at any time, any phase of the Lottery operations.) The bill also requires that the Lottery Commission reimburse the State Board of Accounts for all costs of the audit. In addition, a noncode section of the bill requires the State Board of Accounts to audit the Hoosier Lottery operations for 2003 and 2004. It is estimated that the State Board of Accounts could perform compliance and financial audits of the Lottery for approximately \$56,500 per year. This assumes a full-cost audit at the current rate of \$56.49 per hour.

It is important to note that the bill does not change the requirement under current statute for the State Budget Agency to contract annually with a CPA for a financial audit of the Lottery Commission. Under current statute,

unchanged by the bill, the Lottery Commission is required to pay the cost of this audit. The cost of the current annual audit contract is \$66,500.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Lottery Commission, State Board of Accounts.

Local Agencies Affected:

Information Sources: Dihann Kinsworthy, State Budget Agency, (317) 232-7221; Mike Hoose, State Board of Accounts, (317) 232-2525.

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